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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Advisory Committee on Administrative and Budgetary Questions

1. At its spring session of 1997, the Advisory Committee on Administrative and Budgetary Questions, in accordance with the budgetary cycle established by the General Assembly in its resolution 49/233 A of 23 December 1994, considered the reports of the Secretary-General on the financing of the following United Nations peacekeeping operations: United Nations Observer Mission in Liberia (UNOMIL), United Nations Mission for the Verification of Human Rights and of Compliance with the Commitments of the Comprehensive Agreement on Human Rights in Guatemala (MINUGUA), United Nations Mission of Observers in Tajikistan (UNMOT), United Nations Peacekeeping Force in Cyprus (UNFICYP), United Nations Disengagement Observer Force/United Nations Interim Force in Lebanon (UNDOF/UNIFIL), United Nations Mission for the Referendum in Western Sahara (MINURSO), United Nations Iraq-Kuwait Observation Mission (UNIKOM), United Nations Observer Mission in Georgia (UNOMIG), United Nations Mission in Haiti/United Nations Support Mission in Haiti (UNMIH/UNSMIH), United Nations Protection Force (UNPROFOR),United Nations Confidence Restoration Operation in Croatia (UNCRO), United Nations Preventive Deployment Force (UNPREDEP), United Nations Peace Forces (UNPF), United Nations Mission in Bosnia and Herzegovina (UNMIBH) and United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES). The Committee's observations and recommendations on those operations are contained in reports that are being issued separately.

2. The consideration by the Advisory Committee of the reports of the Secretary-General on the financing of peacekeeping operations mentioned in the above paragraph has given rise to a number of general observations and recommendations that pertain to most, if not all, peacekeeping operations and are set out below.

3. The work of the Advisory Committee has been assisted by the presence, in a number of instances, of the chief administrative officers of the various missions.

4. The Advisory Committee points out that the process of the preparation and consideration of reports on the financing of the United Nations peacekeeping operations has greatly benefited from General Assembly resolution 49/233. The number of reports has been substantially reduced, while, at the same time, it has become increasingly possible to foresee more accurately, for a given budget period, resource requirements for peacekeeping operations. The introduction of the Standard Cost and Ratio Manual has greatly facilitated the preparation of budget documents. However, more remains to be done concerning the explanation of mission-specific ratios and other variants from the standards. The Committee points out that all significant variations (for example, 10 per cent and more) from standard costs, from

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assumptions used in previous cost estimates and from approved resources under each budget line should be clearly explained and justified.

5. The new format of budget documents for peacekeeping operations has been considerably improved, although some significant problems remain yet to be resolved. One of these is that the quality of information contained in budget documents needs to be further improved through the elimination of repetitious and/or insignificant information. Moreover, the data supplied should be clearly related to the requests for resources, which should be explained and justified in a consistent and transparent manner. The Advisory Committee has noted that the quality of budget presentation is uneven, with serious difficulties in some reports, while others, such as those for UNTAES, UNOMIG and MINURSO were more complete. Budget documents should have a consistent and standardized structure and offices at Headquarters should be able to rely on complete and accurate information from the field (see para. 13 below).

6. The Advisory Committee points out that up-to-date financial performance data for the current period should be included in the reports on cost estimates for the coming financial period, as originally recommended by the Committee and requested by the General Assembly in resolution 49/233 A, section I, paragraph 6. While the Committee has, in a number of instances, been provided with such data, more should be done to increase their reliability.

7. While information is now included on the implementation of the recommendations of the Advisory Committee, performance reports and budget estimates should also contain information on the implementation of previous recommendations of the Board of Auditors. Where applicable, information should also be provided on steps taken to respond to concerns raised by the Office of Internal Oversight Services (OIOS). Furthermore, performance reports should include an inventory of mission assets, both at the beginning and at the end of the reporting period concerned, disclosing the reasons for changes in inventory. Mission assets should be reported in the same level of detail as when they were budgeted and approved. With respect to assets being transferred to the United Nations Logistics Base at Brindisi and/or other missions, the reports should clearly indicate the value of assets in inventory, related expenses for transportation, storage and processing, as well as the technical condition of assets being transferred.

8. Performance reports include large amounts of unliquidated obligations, a significant portion of which may well be subsequently cancelled. These are often related to the numerous delays in settling claims with Governments and commercial contractors. Similarly, the Advisory Committee has noted a pattern of significant "roll-overs" in a number of budgets. While the uncertainties of peacekeeping can explain some of this, it is also indicative of the need to refine budgetary forecasting and estimating techniques. The Advisory Committee recommends that the Secretary-General pay greater attention to the procedures for raising obligations so as to ensure their timely review for verification of their continuing validity.

9. Another problem relating to the operation of the accounting and budgeting systems of peacekeeping operations stems, in the view of the Committee, from the lack of control by the administration in the field and at Headquarters over the budget implementation; too often savings are used to offset expenditures not specifically reported to and authorized by the General Assembly. The Advisory Committee believes that the current method of approving budgets for peacekeeping operations as an overall amount as opposed to authorizing several budget lines continues to be the most practical. The Advisory Committee is concerned, however, that the administration in the field and at Headquarters allows rather loose interpretation of flexibility permitted, which leads to the financing of expenditures that should have been brought to the attention of the Advisory Committee and, in some cases, the General Assembly as well.

10. The Advisory Committee is of the view that there is a need to improve accounting of proceeds resulting from the sale of property, which, in accordance with rule 110.37 of the Financial Regulations and Rules of the United Nations should be treated as miscellaneous income. The Advisory Committee recalls, in this connection, that it recommended against the procedure followed by the Secretariat in settlement of accounts for equipment, rations and services provided to the Implementation Force (IFOR).

11. More should be done, in the view of the Committee, to improve consistent treatment and reporting of voluntary contributions. The reports on the financing of peacekeeping operations should indicate more clearly voluntary contributions that are to finance mandated activities, as distinguished from those activities which are considered complementary or not specifically mandated. Furthermore, there is a need to reflect in a consistent manner under miscellaneous income all revenue accrued on voluntary contributions.

12. The Advisory Committee notes a lack of information on coordination and cooperation among organizations, programmes, funds and agencies of the United Nations system on administrative issues, such as rental of

accommodation and vehicles, hiring of local staff and dealing with local authorities. There is a need to delineate more clearly the role of special representatives of the Secretary-General vis-à-vis representatives of other organizations, programmes, funds and agencies of the United Nations system in coordinating activities in the area of operation.

13. The problems described in paragraphs 8 to 12 above, especially the unreliability of performance and inventory data and the lack, in a number of instances, of relevant information on resource requirements, lead very often to a time-consuming effort by the Advisory Committee to obtain additional information and clarification from the Secretariat. Since officials at Headquarters rely for their information on their counterparts in the field, it is essential to improve the administrative and management techniques in the peacekeeping operations. Recent introduction of new technology should help once problems of interface of field systems with existing Headquarters information systems have been resolved. The Advisory Committee believes that, in order to achieve progress in the planning, budgeting and reporting techniques of peacekeeping financing, the role of administrative offices of peacekeeping operations in the preparation of cost estimates and budget performance reports should be enhanced; most preparatory work for budget documents should be done in the field on the basis of standard forms and tables sent from Headquarters.

14. The Advisory Committee believes that it is essential to ensure assignment of qualified United Nations staff to the field administrative offices to work in the area of finance, accounting and budget preparation. The Committee recommends, therefore, that the Secretariat prepare a roster of candidates for administrative positions in the field who should undertake specific training relevant to all aspects of tasks assigned to administration in peacekeeping operations.

15. It is also essential to ensure that qualified and experienced personnel provided to field missions stay long enough to be able to apply the institutional knowledge they have acquired in a particular mission. This is especially important in the liquidation phase of a mission, a time when proper disposition of assets and final accounting involves significant resources of the Organization. In this connection, proper personnel management should ensure that, upon their return, there should be successful reintegration in a manner that will both take full advantage of the skills acquired and promote the career aspirations of such staff.

16. The Advisory Committee is also of the view that steps should be taken to enhance cooperation and coordination between the United Nations administration in the field and the military, in particular on issues that might involve financial and/or legal implications for the United Nations.

17. Moreover, in the opinion of the Advisory Committee, additional measures need to be taken to effect control over payments of and accounting for a variety of allowances, including mission subsistence allowances, clothing allowances and welfare, in order to prevent recurrence of situations where additional requirements relating to claims submitted by military personnel for payments of allowances in respect of prior periods are included in performance reports (UNPF – see A/51/872, para. 10), or where it is necessary to seek recovery of overpayment of mission subsistence allowances to international staff (UNIKOM – see A/51/683/Add.1, paras. 9-11).

18. During its consideration of a number of peacekeeping reports, the Advisory Committee observed several shortcomings with respect to inventory control and management of assets. In some of the long-standing operations, such as UNFICYP, the Advisory Committee noted that efforts had been made to reduce the weaknesses, while in other operations such as UNDOF, UNIFIL, UNMIH, UNPF, these shortcomings had, for various reasons continued.

19. In this connection, the Advisory Committee recalls that it had previously commented on the subject in its report of 22 October 1996 (A/51/533, para. 57) stating that inventory management remained a serious problem not only in peacekeeping operations but throughout the Organization. In the same report, the Advisory Committee recalled that in his report of 20 May 1996 on the management of peacekeeping assets (A/50/965), the Secretary-General had stated that the Secretariat was developing an assets management system that was intended to balance the requirements of preparedness with cost-effectiveness and of flexibility with full accountability. The Advisory Committee had requested that steps be taken to speed up the establishment of such a system and that its observations and recommendations as reflected in its report of 26 June 1996 (A/50/985), especially those relating to the United Nations Common Coding System and the North Atlantic Treaty Organization (NATO) Codification System, be fully taken into account.

20. As indicated in paragraph 20 of its report of 14 April 1997 on the financing of the Combined Forces in the former Yugoslavia (A/51/872), the Advisory Committee was provided, upon request, with information on actions taken in respect of the observations and recommendations of the Board of Auditors contained in its report on United Nations peacekeeping operations.[1] Such actions can bring about quite

significant results: for example, as a result of steps taken to decal United Nations-owned equipment and include it on the UNPF inventory of non-expendable equipment, the UNPF inventory increased by $63 million. The Advisory Committee recommended that efforts to improve inventory control and assets management in the operations in the former Yugoslavia be further intensified and that the Secretary-General reflect in his next reports steps taken to address problems identified by the Board of Auditors in its report[2] in the area of inventory control, including the designation of qualified staff and the establishment of appropriate databases.

21. The Advisory Committee points out that in some operations the administration has been successfully working on improving inventory control and management. For example, as indicated in paragraph 12 of its report of 3 April 1997 on the financing of UNFICYP (A/51/851), a complete physical inventory was undertaken in all sectors and at United Nations Protected Area headquarters in 1996 to ensure improved inventory control management. Computerization of the inventory that had been introduced in the mission provided a management tool for the regular and systematic updating of inventory, including deletion of property that had exceeded its serviceable life. Detailed instructions had been issued to an officer of the UNFICYP Property Control and Inventory Unit for a scheduled inventory check in 1997 to be carried out at all the locations mentioned above. The officer had been instructed to visit sectors during in/out surveys and hand/takeover at troop rotations. The Advisory Committee welcomes such efforts of the administration.

22. The Advisory Committee is concerned about the increase in requirements for vehicle insurance, which quite often are not clearly explained in the reports on the financing of peacekeeping operations. The Committee was informed that the increase was due mostly to the number of accidents. The Committee notes that in some operations a training programme is under way as part of efforts to reduce vehicle accidents. The Committee welcomes those efforts as a step in the right direction, but recommends that further effective managerial and operational measures be taken to reduce vehicle accidents in peacekeeping operations.

23. The Advisory Committee points out that greater effort needs to be made by the Secretariat in actively defending the interests of the United Nations vis-à-vis authorities in the areas of United Nations peacekeeping operations and missions. The United Nations should vigorously seek to ensure that all provisions of status-of-forces agreements are respected and implemented by all sides parties to such agreements. The Advisory Committee recalls, for example, that the General Assembly, in paragraphs 9 and 10 of its resolution 51/12 of 4 November 1996 on the financing of the United Nations Combined Forces in the former Yugoslavia, expressed concern about the non-observance by the Governments of the provisions of the status-of-forces agreements, requested that the Governments reimburse the combined Forces for expenditures relating to the non-observance of the status-of-forces agreements and that the Secretary-General withhold settlements of claims submitted by the Governments concerned until the matter of the expenditures was resolved. The Committee points out that no progress has been reported by the Secretary-General on the issue. In this connection, the Advisory Committee invites the Secretary-General to propose for consideration by the General Assembly such necessary measures as would ensure full compliance with the status-of-forces agreements.

Notes

[1] *Official Records of the General Assembly, Fifty-first Session, Supplement No. 5* (A/51/5), vol. II, chap. II.

[2] Ibid., para. 182.